

Additional/Revised Information

Agenda Item #	1 Supplemental
Meeting Date	May 20, 2004
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Approved By	Richard M. Finn

Discussion Item	Street Improvements
Additional/ Revised Information	Scenarios for borrowing to fund roadway renovations are attached. Tables regarding both scenarios will be presented at the May 20, 2004 Budget Worksession.
Policy	
Fiscal Impact	
Attachments	Scenarios
Recommendation	
Special Consideration	

Scenarios for Borrowing to Fund Roadway Renovations

1. Borrow the entire \$2,900,000. All City roads to be completed (except excellent and good).
 - a. Interest Rate: 2.6%
 - b. Loan Period: Seven Years
 - c. Annual Payment: \$453,576
 - d. Preventive maintenance Program: \$100,000 (Included in the City's operating budget).
 - e. Annual Renovation Maintenance: Two miles per year.
 - f. Annual renovations needed to maintain City Roads (after pay off) in 2012: \$506,556. A circuit of the City's roadways, at two-miles per year would be completed by the year 2026.

2. Borrow the \$2,004, 999. All streets except streets rated fair or better. Work on fair streets performed over time after the renovation project.
 - a. Interest Rate: 2.6%
 - b. Loan Period: Seven Years
 - c. Annual Payment: \$313,593
 - d. Preventive maintenance Program: \$100,000. (Included in the City's operating budget)
 - e. Annual Renovation Maintenance: Two-miles per year
 - f. Annual renovations needed to maintain City Roads (after pay off) in 2012: \$506,556. Under this scenario more than 3/4 of a mile of road repair would be conducted during the payoff period. Consequently, a circuit of the City's roadways, at two-miles per year, would be completed by the year 2024.

Assumptions:

- A. Because of construction and fuel costs, road renovation costs will increase by 5% annually.
- B. Some pavements will deteriorate faster than others because of quality control,

Scenarios for Borrowing to Fund Roadway Renovations

surface oxidation or subsurface conditions.

- C. At least \$500,000 will be included in the CIP for street maintenance annually from 2005 through 2011.
- D. The average service life of a City roadway before 2004 is 16 years.
- E. After 12 years, some of the roads paved before 2004 will require total reconstruction. Additionally after 7-10 years the same roads will require preventive maintenance.
- F. The average service life of a City roadway paved after 2004 will be 20 years.
- G. After 10-15 years, some the roads paved after 2004 will need preventive maintenance.
- H. After 20 years, some roads paved after 2004 will require total reconstruction.
- I. All City roadways that are in need of total reconstruction or extensive base reconstruction will have been repaired during the post 2004 paving. Therefore most paving after 2004 will involve an uncomplicated surface mills and 2-3inch overlay. On few occasions, there will be a need to rebuild the base of the roadway.

NOTE: Tables regarding both scenarios will be presented at the meeting on May 20, 2004.